

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4079-01  
Bill No.: SB 712  
Subject: Health, Public; Health Dept.; Health Care; Insurance - Medical; Boards,  
Commissions, Committees, Councils  
Type: Original  
Date: January 21, 2010

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Bill Summary: Establishes a Commission on the Reorganization of State Health Care.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$23,064)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$23,064)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration, Department of Health and Senior Services, Department of Public Safety (DPS) - Division of Alcohol and Tobacco Control, DPS - Capitol Police, DPS - Director's Office, DPS-Division of Fire Safety, DPS - Missouri Gaming Commission, DPS - State Emergency Management Agency, DPS - Missouri Veterans Commission, Office of the Governor, Missouri Consolidated Health Care Plan, and Missouri Senate** assume the proposal will have no fiscal impact on their organizations.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of the proposed legislation on their organization.

Officials from the **Missouri Department of Transportation (DOT)** state the proposal will not have a direct fiscal impact on the DOT at the present time. However, the Commission's findings and recommendations could impact the DOT in the future.

Officials from the **Department of Higher Education (DHE)** state that although this proposal would require the Commission of Higher Education to serve on the Commission on the Reorganization of State Health Care, the DHE assumes these additional duties could be undertaken and performed with no additional staff or equipment. The DHE concludes, therefore, the proposal would have no fiscal impact on their organization.

Officials from the **Department of Social Services (DOS)** state since this legislation requires the commission to study, review and recommend changes, including the transfer of the MO HealthNet and CHIP programs to the Office of Administration, but does not actually require the transfer of these programs to the Office of Administration, there will be no fiscal impact to the DOS.

Officials from the **Missouri Department of Conservation (MDC)** state this legislation would establish a "Commission on the Reorganization of State Health Care" to study, review, and recommend creation of a "Division of State Health Care" within the Office of Administration. The proposed Division of State Health Care would be dedicated to providing health care coverage for all state employees, dependents, and other parties named in the bill. The initial formation of the 16 member Commission on the Reorganization of State Health Care would not appear to have any fiscal impact on MDC funds. However, depending on the Commissions'

ASSUMPTION (continued)

findings and recommendations, the MDC could be required to provide health insurance for its employees, retirees, and dependents under the proposed Division of State Health Care, and this potential fiscal impact is unknown.

Officials from the **Missouri House of Representatives (MHR)** assume costs will be covered by the Office of Administration and, as a result, the proposal will have no fiscal impact on their organization.

Officials from the **University of Missouri (UM)** state there is inadequate information in the proposed legislation to provide an accurate determination of the increase in costs that such legislation would produce for the University.

However, to the extent that the 2010 premium rates of the Missouri Consolidated Health Care Plan can be used as a proxy for anticipated costs of coverage under this proposed legislation, enactment of the legislation would increase premium costs to UM, its faculty, staff, and retirees, between \$55 million and \$62 million per year, based on current enrollment data.

**Oversight** assumes the proposal, as currently written, does not require the UM to incur costs. The costs stated by UM are based on unknown potential results and recommendations that may be reported by the Commission on the Reorganization of State Health Care.

Officials from the **Office of Administration (COA)** state the proposal establishes a Commission on the Reorganization of Health Care within the COA. Staff support is provided by the COA and would require temporary clerical assistance and printing costs for the final report and meeting materials. The COA assumes there would also be costs associated with travel and meal reimbursement for some of the commission members. The COA assumes total costs to the General Revenue Fund of \$23,064 for FY 11.

**Oversight** notes the proposal has an emergency clause and there is a possibility costs incurred by the COA could be incurred during FY 10. For fiscal note purposes, COA costs are presented in FY 11 as the provisions of the proposal expire on February 1, 2011.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Office of Administration</u>			
Commission expenses	<u>(\$23,064)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$23,064)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal establishes a Commission on the Reorganization of State Health Care which shall have as its purpose the study, review and recommendation of creating a Division of State Health Care within the Office of Administration. The commission will consist of sixteen members. Four members will come from the legislature, three will be the directors of the Department of Insurance, Financial Institutions and Professional Registration, Social Services and the MO HealthNet Division, one will be the commissioner of the Office of Administration, one will be a member of the Board of Curators of the University of Missouri and the others will be representatives or directors from the various groups that are assimilated under the new Division of State Health Care.

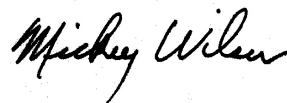
The commission shall submit a report to the general assembly and governor by December 31, 2010, on the creation of the new division, which will serve through three implementation phases as the lead planning state entity for all health issues in the state.

The provisions of this proposal shall expire on February 1, 2011.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration -  
Department of Higher Education  
Department of Insurance, Financial Institutions, and Professional Registration  
Department of Health and Senior Services  
Department of Social Services  
Missouri Department of Transportation  
Department of Public Safety -  
    Division of Alcohol and Tobacco Control  
    Capitol Police  
    Director's Office  
    Division of Fire Safety  
    Missouri Gaming Commission  
    Missouri State Highway Patrol  
    State Emergency Management Agency  
    Missouri Veterans Commission  
Office of the Governor  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri House of Representatives  
Missouri Senate  
University of Missouri



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Director  
January 21, 2010